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**REPORTS FINDS FAULTS IN IRS SCREENING, MONITORING
OF AUTHORIZED ELECTRONIC TAX FILERS**

Baucus urges the IRS to protect taxpayers and improve tax administration

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) commented on a Treasury Inspector General for Tax Administration (TIGTA) report that found the Internal Revenue Service is not doing all it can to ensure the integrity of e-file providers in order to protect taxpayers and prevent fraud. The IRS failed to conduct credit checks, adequate background checks, and citizenship checks on individuals applying for authorization to electronically transmit tax returns, and was lax about monitoring their ongoing compliance. Many authorized Electronic Return Originators (EROs) own tax preparation stores and may also prepare tax returns. In 2007, 260,000 EROs submitted electronic tax returns to the IRS on behalf of 55 million taxpayers.

“Without adequate screening and monitoring of electronic return originators, the IRS doesn’t know who has access to confidential taxpayer data,” said Baucus. **“The IRS has failed to follow its own procedures, putting millions of American taxpayers at greater risk of inaccurate returns, stolen identities and fraudulent refunds. TIGTA has studied the ERO program three times in the past, but the IRS has yet to resolve these issues. This fourth disappointing report points to the larger question of why it takes the IRS so long to identify and fix these obvious problems.”**

TIGTA also found that ERO violators were not suspended and written reprimands did not result in follow-up site visits. Currently, the IRS has no standards that must be satisfied before an individual can sell tax preparation services to the public, making ERO screening and monitoring especially important since it is one of the few ways the IRS can oversee the quality of tax returns that are electronically filed. Of the nine recommendations for improvement that TIGTA issued, the IRS agreed with eight and partially agreed with one, and said it plans to take corrective actions.

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